


THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

FILED
U.S. DISTRICT COURT
DISTRICT OF COLORADO
2003 MAY 22 AM 11:04

Criminal Case No.

03 - CR - 232 

JAMES R. HANSPEAKER
CLERK

UNITED STATES OF AMERICA,
Plaintiff,

BY _____ DEP. CLK

v.

1. EDWARD P. MATTAR, III,
 2. THOMAS ALAN BOYD,
 3. JACK O. GRACE, Jr.,
 4. GLENN M. GALLANT,
 5. DOUGLAS R. BAETZ,
 6. CENTURY FINANCIAL SERVICES, INC., and
 7. CENTURY FINANCIAL GROUP, INC.
- Defendants.

INDICTMENT

Title 18, United States Code, Sections 2, 215, 225, 371, 982, 1005, 1343, 1344, 1956
Title 15, United States Code, Sections 77q(a), 77x
Title 26, United States Code, Sections 7201, 7203

The Grand Jury charges that:

Introduction

At all times material to this indictment:

1. BestBank was a state-chartered financial institution whose largest asset was a portfolio of subprime credit card accounts with a reported value of more than \$200,000,000 in July 1998. Subprime credit card borrowers are high risk borrowers with poor credit histories. BestBank relocated to Boulder, Colorado, in 1995.

2. BestBank funded the subprime credit card accounts with depositors' money which was insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000 per account. BestBank was under the regulatory supervision of the FDIC and State of Colorado Banking Commission.
3. Defendant EDWARD P. MATTAR, III, owned all of the common stock of BestBank. He was the Chief Executive Officer and Chairman of the Board of Directors of BestBank.
4. Defendant THOMAS ALAN BOYD (ALAN BOYD) was the President and a Director of BestBank.
5. Defendant JACK O. GRACE, Jr. was the Chief Financial Officer and a Director of BestBank.
6. Defendant DOUGLAS R. BAETZ was an owner and operator of two related companies, defendants CENTURY FINANCIAL SERVICES, INC., a Delaware corporation, and its successor, CENTURY FINANCIAL GROUP, INC., a Delaware corporation. CENTURY FINANCIAL GROUP INC. began operations in about January 1997.
7. Defendant GLENN M. GALLANT also was an owner and operator of CENTURY FINANCIAL SERVICES, INC. and CENTURY FINANCIAL GROUP, INC.
8. DOUGLAS BAETZ and GLENN GALLANT conducted business through several companies they controlled, including All Around Travel Club (AATC), BankCard Center, Berwyn Holdings, First Independent Computers, Inc. (FICI), Columbia

Capital Corporation, and New SeaEscape Cruises, Inc. They also engaged in business with Universal Tours, Inc. Those businesses operated in Colorado, Florida, South Carolina, Delaware, Texas, and other states.

9. Beginning at least by 1994 and continuing through July 1998, EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP jointly engaged in a business operation that made more than 500,000 BestBank credit card loans to subprime borrowers.
10. In July 1998, the Colorado State Banking Commissioner and the FDIC determined that the value of the subprime credit card loans maintained as an asset on the books and records of BestBank was materially overstated because delinquent loans fraudulently were made to appear non-delinquent. BestBank's liability to its depositors exceeded the value of its other assets, making it insolvent. On July 23, 1998, the Colorado State Banking Commissioner appointed the FDIC as receiver of BestBank. The FDIC liquidated BestBank and paid more than \$200,000,000 to cover insured deposits. Some BestBank depositors had deposits exceeding the FDIC's \$100,000 per account insurance limit. Their claims for uninsured deposits totaled approximately \$27,000,000.
11. Counts 1 through 88 charged in this indictment each affected BestBank, which was a financial institution as defined in Title 18, United States Code, Section 20.

Count 1
Conspiracy – 18 U.S.C. § 371

12. Paragraphs 1 through 11 are realleged and incorporated into Count 1 by reference.

The Conspiracy

13. From on or about 1994 through about August 1998, in the District of Colorado and elsewhere, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, INC., and CENTURY FINANCIAL GROUP, INC., knowingly and willfully conspired, combined, confederated, and agreed together and with others, both known and unknown to the Grand Jury, to commit the following crimes:
- a. bank fraud, in violation of Title 18, United States Code, Section 1344;
 - b. offer and receipt of commission or gift for procuring loans, in violation of Title 18, United States Code, Section 215;
 - c. making false bank reports, in violation of Title 18, United States Code, Section 1005;
 - d. wire fraud, in violation of Title 18, United States Code, Section 1343;
 - e. money laundering, in violation of Title 18, United States Code, Section 1956; and
 - f. securities fraud, in violation of Title 15, United States Code, Sections 77q(a) and 77x.

Purpose of the Conspiracy

14. The purpose of the conspiracy was for EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ and GLENN GALLANT to fraudulently obtain money to enrich themselves and each other through their joint business operations, and for DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP to fraudulently obtain money to fund CENTURY FINANCIAL SERVICES, CENTURY FINANCIAL GROUP, and their other businesses.
15. To that end, each defendant received money from the crimes:
 - a. During 1996, 1997, and 1998, EDWARD MATTAR and ALAN BOYD each received more than \$5,000,000 in bonuses that were determined, in part, based upon their fraudulent acts, as well as their salaries. Their bonuses are described below in paragraph 80, which is incorporated herein by reference.
 - b. During 1996 DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES paid ALAN BOYD and his company about \$250,000.
 - c. JACK GRACE received bonuses of about \$25,000 for 1997, and about \$92,643 for the first quarter of 1998, as well as his salary.
 - d. DOUGLAS BAETZ and GLENN GALLANT each received more than \$5,000,000.

- e. CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP together received more than \$150,000,000.

Manner and Means Used in the Conspiracy

16. Defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, INC. and CENTURY FINANCIAL GROUP, INC. used the following manner and means, among others, to carry out the conspiracy:

The BestBank / Century Enterprise:

17. BestBank entered into written agreements with CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP in February 1994 and January 1997, which were amended over time. They were called the Marketing, Processing, and Consulting Agreements, and they are collectively referred to in this indictment as the "Operating Agreements."
18. Pursuant to the Operating Agreements, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP and their affiliated companies marketed BestBank credit cards and sold travel club memberships to subprime borrowers.
19. In almost every instance, the subprime borrowers did not pay cash for the memberships at the time of purchase. Instead, BestBank, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP offered the subprime borrowers a BestBank VISA credit card account that the borrowers could

use to finance the costs of the credit cards and travel club memberships, as well as associated bank fees. BestBank's underwriting criteria were low enough to allow subprime borrowers to qualify for the BestBank VISA credit card. BestBank's subprime credit card loans program required the following:

- a. a signed application and a \$20 payment,
- b. an annual fee paid to BestBank,
- c. \$20 minimum monthly payment,
- d. approximately 18 percent interest on the account balance, and
- e. a credit limit equal to the amount of the security deposit on secured credit card accounts, or an initial credit limit of \$600 on unsecured credit card accounts.

20. In the Operating Agreements, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP agreed to purchase all of the BestBank subprime loans they initiated that became delinquent by a certain number of days.

21. CENTURY FINANCIAL SERVICES, CENTURY FINANCIAL GROUP, and BestBank caused credit card fees, travel club memberships, annual fees, interest, and late fees to be charged to the subprime credit card accounts. Pursuant to the Operating Agreements, the revenues from those charges were distributed to BestBank, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP as follows:

- a. BestBank transferred to CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP payment for:
 - i. travel club memberships,
 - ii. annual fees,
 - iii. late fees,
 - iv. interest charged to borrowers, and
 - v. interchange fees paid by VISA merchants.

- b. CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP paid BestBank:
 - i. a \$25 service fee for each new account,
 - ii. \$30 as a 5.02 percent merchant fee for each new account,
 - iii. \$48 for each cancelled account, and
 - iv. BestBank's cost of funds plus an additional six percent.
- 22. BestBank paid depositors above-market rates in order to attract deposits to fund the expansion of BestBank's subprime credit card loans.
- 23. BestBank, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP employed First Data Resources (FDR) and, beginning in October 1997, FICI to process transactions on the subprime credit card accounts.
- 24. From about 1994 to July 23, 1998, BestBank transferred to CENTURY FINANCIAL SERVICES' and CENTURY FINANCIAL GROUP'S operating account at BestBank approximately \$400,000,000 to fund travel club membership sales, interest, and other fees.

BestBank Secured Card Programs:

- 25. From about 1994 to 1996, CENTURY FINANCIAL SERVICES marketed BestBank secured credit cards to subprime borrowers. BestBank's program required the subprime borrowers to submit a signed application and a security deposit equal to the card's credit limit before the account was funded.
- 26. More than half of the subprime secured credit card loans created by the defendants were non-performing, meaning that subprime borrowers did not make the required minimum payments on the loans created in their names.

27. During 1995 and 1996, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES engaged in acts which falsely and fraudulently concealed the subprime borrowers' non-performance and understated the true delinquency rates of BestBank secured credit card loans. Those acts included reaging accounts and crediting and debiting accounts for the same amount, which changed the delinquency status of the accounts without the receipt of a payment from the borrowers. They did this to avoid meeting their obligation to purchase delinquent accounts pursuant to the Operating Agreements. BestBank continued to fund new accounts even when EDWARD MATTAR, ALAN BOYD, and JACK GRACE knew about the fraudulent acts that concealed and misrepresented the non-performing accounts.
28. DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES falsely and fraudulently created numerous secured credit card accounts at BestBank without collecting the subprime borrowers' security deposits. Nonetheless, CENTURY FINANCIAL SERVICES submitted those accounts to BestBank for funding. BestBank continued to fund those accounts when EDWARD MATTAR, ALAN BOYD, and JACK GRACE knew that CENTURY FINANCIAL SERVICES was not receiving the security deposits for the accounts. CENTURY FINANCIAL SERVICES received the proceeds from those transactions and paid BestBank interest on the accounts' balances.

29. During 1995 and 1996, on some accounts maintained as performing loans on the books and records of BestBank, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES:
- a. did not issue a plastic credit card to the subprime borrower named on the account,
 - b. withheld monthly statements from the subprime borrower named on the account, and
 - c. prevented the subprime borrower's use of the account by placing a block code on the account.
30. During 1995 and 1996, EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT and CENTURY FINANCIAL SERVICES allowed non-performing accounts that should have had a security deposit, but did not have a security deposit, to remain as performing loans on the books and records of BestBank. They did not close and charge off those accounts, and CENTURY FINANCIAL SERVICES did not purchase all of those accounts from BestBank. CENTURY FINANCIAL SERVICES and BestBank continued to receive fees and income from those accounts.
31. During 1995 and 1996, EDWARD MATTAR, ALAN BOYD, and JACK GRACE continued to create and fund new subprime credit card accounts and expand BestBank's subprime credit card portfolio when they knew that CENTURY FINANCIAL SERVICES did not have the financial ability to perform on its promise to purchase all loss accounts without initiating new subprime loans.

BestBank / Century Unsecured Credit Card Programs:

32. Beginning in about 1995, BestBank offered and funded VISA unsecured subprime credit cards that were marketed by Universal Tours, Inc. Later, those accounts were serviced by CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP. Subprime borrowers purchased a travel club membership and financed the purchase with the BestBank VISA credit card. In 1996, BestBank and CENTURY FINANCIAL SERVICES discontinued issuing new credit cards under the Universal Tours program.
33. Beginning in 1996 and continuing until July 1998, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP marketed and sold All Around Travel Club (AATC) memberships to subprime borrowers. Subprime borrowers could purchase an AATC travel club membership for \$498 and finance the purchase by charging it to a new BestBank VISA unsecured credit card. BestBank funded those transactions by transferring approximately \$400,000,000 to CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP. New travel club members were promised fulfillment materials consisting of a package containing a video explaining membership benefits, a voucher for a discounted cruise out of Ft. Lauderdale, Florida, a booklet of discount travel coupons, and other materials.
34. More than half of the subprime unsecured credit card loans created by the defendants and represented as assets of BestBank were, in fact, non-performing

- loans on which the subprime borrowers were not making minimum payments.
35. Beginning by 1996 and continuing through July 1998, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP engaged in acts which falsely and fraudulently concealed the subprime borrowers' non-performance and understated the true delinquency rates of BestBank unsecured credit card loans. They did this to avoid meeting their obligation to purchase delinquent accounts pursuant to the Operating Agreements. They used the proceeds from new travel club membership sales to make minimum monthly payments on existing, non-performing accounts. Those payments, made by CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP, were recorded as a credit to the account balance. They designated the credits paid by CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP as payment adjustments, returns, retail payments, and cash payments in FDR's and FICI's processing systems. These credits advanced the last payment date in the processing systems. These credits concealed the true delinquency of non-performing credit card accounts by making it appear that the subprime borrowers were making monthly payments when, in fact, they were not. EDWARD MATTAR, ALAN BOYD, and JACK GRACE facilitated DOUGLAS BAETZ's, GLENN GALLANT's, CENTURY FINANCIAL SERVICES', and CENTURY FINANCIAL GROUP's use of the proceeds of new transactions to pay for credits applied to existing accounts.

36. At times, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP applied credits to the cardholder accounts as temporary devices to avoid the accounts being reported as delinquent. Beginning at least by 1997 and continuing through July 1998, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP rebilled many cardholder accounts for credits they previously applied. They did this by causing charges to the accounts which were designated as "miscellaneous fee debit," "debit," and "adjustment" in the processing system.
37. BestBank's lending policies required the subprime borrowers to submit a signed application and to pay an initial \$20 before the account was funded. However, on a large portion of BestBank's unsecured credit card accounts, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP initiated the account and BestBank funded the cost of sales of travel club memberships and associated BestBank annual fees before the subprime borrowers submitted a signed application and initial \$20 payment. On many accounts, the subprime borrowers never submitted a signed application and initial \$20 payment, and never made any payments.
38. DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, CENTURY FINANCIAL GROUP, and their affiliated businesses initiated more than 500,000 AATC memberships and BestBank subprime credit card loans, but they delivered travel club fulfillment packages to less than one-third of the

purported travel club members.

39. Further, during 1996 through July 1998, on some accounts that were maintained on the books and records of BestBank as performing loans, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP:

- a. did not issue a plastic credit card to the subprime borrower named on the account;
- b. withheld monthly statements from the subprime borrower named on the account;
- c. prevented any use of the account by placing a block code on the account; and
- d. used the processing system to exclude the account from the delinquency calculations.

40. DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP required repayment of telemarketing commissions previously earned and paid on sales of travel club memberships financed by loans that they determined were non-performing, but they did not purchase those accounts from BestBank or inform BestBank that the accounts should be cancelled.

41. From at least 1997 and continuing through July 23, 1998, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP falsely and fraudulently caused the rate of charged off, non-performing BestBank subprime credit cards accounts to be misrepresented and understated in BestBank's books,

records, reports, and statements. They did this by paying off the balance of some non-performing accounts, netting the expense of those payments against new sales, and not reporting those accounts as charged off.

42. From about May 1996 through July 1998, pursuant to the Operating Agreements, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP agreed to purchase or fund all loss accounts and accounts delinquent more than 59 days. From about October 1996 through July 1998, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP purchased some BestBank subprime unsecured accounts pursuant to a "participation" agreement and other agreements with BestBank. Funding for those purchases came from the proceeds of new sales of travel club memberships and associated fees. In the January 1997 Operating Agreement, as amended, the defendants agreed that the participation accounts should consist of whichever accounts were the most delinquent. However, because of the acts described in this indictment which misrepresented and understated the true delinquencies of BestBank's subprime accounts, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP did not purchase all of the delinquent accounts as required under the Operating Agreements. CENTURY FINANCIAL SERVICES, CENTURY FINANCIAL GROUP, and BestBank continued to collect fees and income from delinquent accounts that should have been closed and charged off.

43. Further, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP did not maintain sufficient assets to meet CENTURY FINANCIAL SERVICES' and CENTURY FINANCIAL GROUP's obligations, and they continued to initiate new subprime credit card accounts. EDWARD MATTAR, ALAN BOYD, and JACK GRACE knew that CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP did not have the financial ability to perform on their obligations, and BestBank continued to fund new unsecured subprime credit card accounts and to expand BestBank's subprime credit card portfolio.

Agreements to Ensure BestBank's Capital Needs:

44. It was part of the conspiracy that the defendants took steps to ensure that BestBank had adequate capital to justify bonuses for EDWARD MATTAR, ALAN BOYD, and JACK GRACE, and to support the expansion of new BestBank subprime credit card loans. Both bonuses and growth, in the form of new loans, were dependent, in part, on BestBank having adequate capital. To that end, money from the sale of travel club memberships was transferred from CENTURY FINANCIAL SERVICES' and CENTURY FINANCIAL GROUP's operating account to BestBank to pay for the following transactions:
- a. In 1996 DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES purchased delinquent subprime credit card accounts from BestBank at a premium of about \$1,500,000. The premium increased BestBank's capital.
 - b. In about March and November, 1997, DOUGLAS BAETZ, GLENN

GALLANT, and CENTURY FINANCIAL GROUP purchased BestBank preferred stock for approximately \$3,250,000, the proceeds of which increased BestBank's capital.

45. In 1997 and 1998, BestBank and CENTURY FINANCIAL GROUP entered into a series of agreements with Q Capital Corporation to factor new subprime credit card loans in order to avoid the lending restrictions on new loans based upon BestBank's capital.

False Statements to Further and to Conceal the Fraudulent Conduct:

46. Defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP engaged in a pattern and practice of making, and causing others to make, false, fraudulent, and deceptive statements and representations in reports and statements to the FDIC, BestBank's Board of Directors, Q Capital Corporation, and potential purchasers of both BestBank and its subprime credit card portfolio, including:
- a. that BestBank's subprime credit card portfolio had a low delinquency rate, and they concealed the fact that CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP were regularly making payments on accounts when the subprime borrowers were not making payments, thereby causing the low rate of reported delinquencies;
 - b. that subprime borrowers had agreed to open credit card accounts at BestBank, and they concealed the fact that CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP had initiated and BestBank had funded subprime credit card accounts without a completed application from the borrower;
 - c. that the rate of charged off subprime credit card accounts was low, and they concealed the fact that CENTURY FINANCIAL SERVICES and

CENTURY FINANCIAL GROUP had paid off accounts and not reported the accounts as charged off;

- d. that CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP had purchased loss accounts and delinquent accounts as required by the Operating Agreements, and they concealed the fact that CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP were not purchasing delinquent accounts as required and were financially incapable of meeting that obligation; and
- e. that AATC, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP were timely delivering packages of fulfillment materials to AATC members, and they concealed that AATC had not delivered fulfillment materials to thousands of purported club members.

47. Some of the defendants' false statements are described below in paragraphs 87 through 92, which are incorporated herein by reference.

The Schemes to Sell BestBank Stock:

48. It was further part of the conspiracy that the defendants devised a scheme to sell EDWARD MATTAR's BestBank stock to Frank Farrar and to Cerberus Partners at prices that were inflated by the defendants' false and fraudulent pretenses, representations and promises. The defendants attempted these sales, but Frank Farrar and Cerberus Partners did not purchase the stock.
49. To further the scheme to sell BestBank stock, EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT and CENTURY FINANCIAL GROUP committed the acts described in paragraphs 93 through 98, which are incorporated herein by reference.

The Scheme to Sell Subprime Credit Card Accounts:

50. It was further part of the conspiracy that the defendants devised, and intended to devise, a scheme to obtain money by selling subprime credit card accounts owned by BestBank and CENTURY FINANCIAL GROUP to large commercial investors at prices inflated by the defendants' false and fraudulent pretenses, representations and promises. The defendants did not complete any such sales.
51. To further the scheme to sell subprime credit card accounts, EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP committed the acts described in paragraphs 99 through 103, which are incorporated herein by reference.

The Scheme to Overstate the Value of Columbia Capital Stock:

52. It was further part of the conspiracy that the defendants devised a scheme to falsely and fraudulently inflate the true value of Columbia Capital Corporation stock and to inflate the value of shares held by DOUGLAS BAETZ, GLENN GALLANT, and a member of ALAN BOYD's family, and to provide them with high value stock to use in the future.
53. In about 1997, DOUGLAS BAETZ and GLENN GALLANT purchased a controlling interest in Columbia Capital Corporation, a company with publicly traded stock. In about April 1997, they purchased First Independent Computers, Inc. (FICI). In about September 1997, they caused Columbia Capital Corporation to acquire FICI. FICI became a subsidiary of Columbia Capital Corporation.

54. In October 1997, BestBank and CENTURY FINANCIAL GROUP transferred processing of the BestBank subprime credit card accounts to FICI. Previously, the processing was done by First Data Resources. After October 1997, the income and profits of Columbia Capital Corporation were largely dependent upon the income FICI derived from processing the BestBank subprime credit card transactions.
55. From October 1997 through July 1998, in Columbia Capital Corporation's filings with the Securities and Exchange Commission (SEC), 1997 Annual Report, and press releases to the public, DOUGLAS BAETZ and GLENN GALLANT made, and they caused others to make, false and fraudulent statements and representations which failed to disclose material, adverse information about Columbia Capital Corporation's revenue and earnings derived from processing BestBank credit card accounts. In particular, they did not disclose that a substantial portion of Columbia Capital Corporation's revenue and earnings were derived from processing of BestBank subprime accounts:
- a. that were delinquent and should have been purchased by CENTURY FINANCIAL GROUP, but were not because CENTURY FINANCIAL GROUP was avoiding its obligation to purchase delinquent and loss accounts by the application of credits when the borrowers were not making payments, by not recording the delinquency of accounts, and by other fraudulent means described in this indictment;
 - b. that CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP had initiated and BestBank had funded without a signed application and initial \$20 payment from the subprime borrower; and
 - c. that had not been provided fulfillment material packages by CENTURY FINANCIAL GROUP and AATC.

56. DOUGLAS BAETZ and GLENN GALLANT submitted, and caused others to submit, to the Securities and Exchange Commission the following reports containing the false and fraudulent statements and omissions described above in paragraph 55:
- a. Registration Statement (form 10-SB) for Columbia Capital Corporation, together with an amended statement, all filed from about December 1997 to June 1998;
 - b. 1997 Annual Report (form 10K) for Columbia Capital Corporation, together with two amended reports, all filed from about March to May, 1998;
 - c. Quarterly Report for the first quarter of 1998 (form 10QSB) for Columbia Capital Corporation, filed about May 1998; and
 - d. Quarterly Report for the second quarter of 1998 (form 10QSB) for Columbia Capital Corporation, filed about July 1998.
57. In order to support the price of Columbia Capital Corporation stock, DOUGLAS BAETZ and GLENN GALLANT caused a stock promoter to solicit stock brokers and individual investors to purchase shares of Columbia Capital Corporation. In July 1998, the stock promoter solicited a stock broker in Oregon. The Oregon stock broker purchased Columbia Capital Corporation stock beginning on about July 8, 1998. Thereafter, he made additional purchases and he promoted the stock to his clients, who also purchased shares from about July through December, 1998.
58. In about July 1998, BestBank, DOUGLAS BAETZ, and GLENN GALLANT entered into an agreement whereby BestBank would exchange some of its subprime credit card accounts for DOUGLAS BAETZ's and GLENN

GALLANT's Columbia Capital Corporation stock. On about July 1 to 17, 1998, ALAN BOYD and JACK GRACE caused the formation of Card Receivables Company to further that agreement.

59. On about July 22, 1998, DOUGLAS BAETZ and GLENN GALLANT offered to pledge their shares of Columbia Capital Corporation stock as security for CENTURY FINANCIAL GROUP'S and CENTURY FINANCIAL SERVICES' obligations to BestBank.

Overt Acts Committed in Furtherance of the Conspiracy

60. Defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES and CENTURY FINANCIAL GROUP committed, and caused others to commit, overt acts in furtherance of the conspiracy including, but not limited to, the following:
61. The acts described above in paragraphs 17, 24, 25, 27, 29, 30-33, 35, 36, 38-45, 47, 49, 51, 53, 54, and 56-59 were overt acts committed in furtherance of the conspiracy, and they are incorporated herein by reference.
62. During 1995, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES reaged thousands of secured credit card accounts, which changed the accounts' delinquency status without a payment from the subprime borrower.

63. DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP paid for and applied credits to unsecured subprime credit card accounts and:
- a. during the period from about 1996 to about October 1997, they used the FDR processing system designations for "payment adjustments" and "returns" to conceal the source of the payments;
 - b. during the period from about October 1997 to March 1998 they used the FICI processing system transaction code 22, designated "retail payment," to conceal the source of the payments; and
 - c. during the period from about March 1998 to July 1998 they used the FICI processing system transaction code 21, designated "cash payment," to conceal the source of the payments.
64. In August 1996, EDWARD MATTAR withheld from BestBank's Board of Directors a report by BestBank's risk manager which disclosed that about 70 percent of BestBank's Universal Tour credit card accounts were delinquent.
65. At some time between about 1994 and 1996, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES gave BestBank approximately \$2,000,000.
66. On about January 5, 1998, ALAN BOYD sent a letter and spread sheet to Frank Farrar concerning BestBank's subprime credit card accounts.
67. From March to July 1998, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP wire transferred money from the CENTURY FINANCIAL GROUP operating account at BestBank to a CENTURY FINANCIAL GROUP account at Farmers & Merchants Bank in South Carolina,

then wire transferred the money to the BestBank cardholder payments account at Security State Bank in Abilene, Texas, and from there the money was wire transferred to BestBank, all to fund the credits that they applied to BestBank subprime credit card accounts. Some of those wire transfers are described in paragraph 109, which is incorporated herein by reference.

68. Between about January and July, 1998, DOUGLAS BAETZ falsely informed Olan Beard that CENTURY FINANCIAL SERVICES' and CENTURY FINANCIAL GROUP's payments on BestBank subprime accounts were made by the subprime borrowers.
69. On about July 10, 1998, EDWARD MATTAR traveled to New York to discuss with Cerberus Partners his offer to sell BestBank stock and to seek a personal loan from Cerberus Partners.
70. On July 22, 1998, JACK GRACE sent correspondence to Cerberus Partners concerning Columbia Capital Corporation and BestBank. On July 22, 1998, ALAN BOYD also sent correspondence to Cerberus Partners concerning Columbia Capital Corporation.
71. On about July 27, 1998, DOUGLAS BAETZ had a telephone call with the Oregon stock broker. DOUGLAS BAETZ falsely and fraudulently represented that the business of Columbia Capital Corporation was healthy, and he omitted any disclosure of the credits and incomplete fulfillment in connection with the AATC program and associated BestBank subprime credit cards.

72. On about August 4 and 5, 1998, DOUGLAS BAETZ and GLENN GALLANT had telephone conversations with David Taffet concerning the sale of BestBank subprime accounts, CENTURY FINANCIAL GROUP's operations, and the performance of the BestBank subprime accounts.
73. The acts described below in paragraphs 80-81, 83-86, 88-103, 109, and 114-118, which are realleged and incorporated into Count 1, were overt acts committed in furtherance of the conspiracy.
74. All of the foregoing was done in violation of Title 18, United States Code, Section 371.

Counts 2 - 44
Bank Fraud – 18 U.S.C. § 1344

75. Paragraphs 1 through 74 are realleged and incorporated into Counts 2 through 44 by reference.
76. On or about the dates listed below for each count, in the District of Colorado and elsewhere, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP knowingly executed a scheme and artifice to defraud BestBank, a financial institution, and to obtain moneys, funds, credits, assets and other property owned by and under the control and control of BestBank by means of materially false and fraudulent pretenses, representations, and promises.
77. The goals of the scheme and artifice are set forth in paragraphs 14 and 15.

78. The means and methods used to carry out the scheme and artifice are set forth in paragraph 16 through 59.
79. The acts committed in furtherance of the scheme and artifice are set forth in paragraphs 60 through 74.
80. The scheme was executed when the following moneys, funds, credits, assets, and other property of BestBank were paid as bonuses in approximately the amount listed for each count:

Count	Date	Execution
2	January 1995	\$77,728 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
3	January 1995	\$77,728 bonus payment to ALAN BOYD
4	April 1995	\$95,869 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
5	April 1995	\$95,869 bonus payment to ALAN BOYD
6	July 1995	\$65,751 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
7	July 1995	\$65,751 bonus payment to ALAN BOYD
8	October 1995	\$85,184 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
9	October 1995	\$85,184 bonus payment to ALAN BOYD
10	January 26, 1996	\$59,432 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
11	January 26, 1996	\$59,432 bonus payment to ALAN BOYD
12	July 25, 1996	\$129,806 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
13	July 25, 1996	\$129,806 bonus payment to ALAN BOYD

14	October 22, 1996	\$93,887 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
15	October 22, 1996	\$93,887 bonus payment to ALAN BOYD
16	December 18, 1996	\$133,473 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
17	December 18, 1996	\$133,473 bonus payment to ALAN BOYD
18	January 21, 1997	\$439,973 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
19	January 21, 1997	\$439,973 bonus payment to ALAN BOYD
20	April 24, 1997	\$83,626 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
21	April 24, 1997	\$83,626 bonus payment to ALAN BOYD
22	July 18, 1997	\$232,705 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
23	July 18, 1997	\$232,705 bonus payment to ALAN BOYD
24	October 14, 1997	\$731,261 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
25	October 14, 1997	\$731,261 bonus payment to ALAN BOYD
26	December 1997 to January 1998	\$25,000 bonus payment to JACK GRACE
27	January 22, 1998	\$2,427,828 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
28	January 22, 1998	\$2,427,828 bonus payment to ALAN BOYD
29	April 23, 1998	\$2,316,081 bonus payment for EDWARD MATTAR made payable to Effective Management Systems
30	April 23, 1998	\$2,316,081 bonus payment to ALAN BOYD
31	April 30, 1998	\$92,643 bonus payment to JACK GRACE

81. The scheme was executed when the following moneys, funds, credits, assets, and other property of BestBank in approximately the amounts listed below were transferred to CENTURY FINANCIAL SERVICES' and CENTURY FINANCIAL GROUP'S operating account at BestBank:

Count	Date	Execution
32	June 14, 1996	transfer of \$141,278
33	September 17, 1996	transfer of \$379,557
34	December 2, 1996	transfer of \$866,286
35	March 14, 1997	transfer of \$669,398
36	June 20, 1997	transfer of \$828,553
37	September 3, 1997	transfer of \$693,890
38	December 16, 1997	transfer of \$716,911
39	January 5, 1998	transfer of \$1,139,191
40	April 15, 1998	transfer of \$725,534
41	May 5, 1998	transfer of \$388,840
42	July 15, 1998	transfer of \$503,941
43	July 21, 1998	transfer of \$651,192
44	July 22, 1998	transfer of \$582,258

82. All of the foregoing was done in violation of Title 18, United States Code, Sections 2 and 1344.

Count 45

Receipt of Commission or Gift for Procuring Loans – 18 U.S.C. § 215

83. On or about May to December, 1996, in the State and District of Colorado and elsewhere, defendants CENTURY FINANCIAL SERVICES, DOUGLAS

BAETZ, and GLENN GALLANT corruptly gave, offered, and promised a thing of value to a person with the intent to influence and reward an officer, director, employee and agent of BestBank, a financial institution, in connection with the business and transactions of such institution.

84. Defendants CENTURY FINANCIAL SERVICES, DOUGLAS BAETZ, and GLENN GALLANT paid Alan Boyd, an officer and director of BestBank, and his company, Transtar Financial Services, \$250,000 in five checks issued in May, July, August, October, and December, 1996, all in violation of Title 18, United States Code, Sections 2 and 215.

Count 46

Receipt of Commission and Gift for Procuring Loans – 18 U.S.C. § 215

85. On or about May to December, 1996, in the State and District of Colorado and elsewhere, defendant ALAN BOYD, being an officer and director of BestBank, a financial institution, corruptly solicited and demanded for the benefit of any person, and corruptly accepted and agreed to accept, a thing of value from any person intending to be influenced and rewarded in connection with the business and transactions of such institution.
86. Paragraph 84 is realleged and incorporated into Count 46 by reference. All of the above was in violation of Title 18, United States Code, Sections 2 and 215.

Counts 47 - 49
False Bank Reports – 18 U.S.C. § 1005

87. Paragraphs 1 through 81 are realleged and incorporated into Counts 47 through 49 by reference.
88. On a quarterly basis, BestBank reported its financial condition to the FDIC in a document entitled a Consolidated Report of Condition and Income, which reports are commonly known as Call Reports.
89. From about 1995 through about July 1998, the defendants engaged in a pattern and practice of concealing and misrepresenting the true performance of BestBank's subprime credit card accounts and the accounts' delinquency rates, understating BestBank's provision and allowance for loan and lease losses, and overstating BestBank's income and assets.
90. On or about the date listed below for each count, in the District of Colorado and elsewhere, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL SERVICES made, and caused, counseled, induced, procured, aided, and abetted another to make, false entries in books, reports, and statements of BestBank, an insured bank, with intent to injure and defraud BestBank and to deceive an officer of BestBank, the Federal Deposit Insurance Corporation, and an agent and examiner appointed to examine the affairs of BestBank, all in violation of Title 18, United States Code, Sections 2 and 1005:

Count: 47

Date: July 28, 1995

Book, Report, Statement: BestBank Call Report as of June 30, 1995

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$412,000 for past due 30 through 89 days and \$116,000 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Count: 48

Date: January 30, 1996

Book, Report, Statement: BestBank Call Report as of December 31, 1995

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$755,000 for past due 30 through 89 days and \$96,000 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Count: 49

Date: October 28, 1996

Book, Report, Statement: BestBank's Call Report as of September 30, 1996

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$0 for past due 30 through 89 days and \$0 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Counts 50 - 54

False Statements – 18 U.S.C. § 1005

91. Paragraphs 1 through 81 and 88 through 90 are realleged and incorporated herein by reference.
92. On or about the date listed below for each count, in the District of Colorado and elsewhere, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP made, and caused, counseled, induced, procured, aided, and abetted another to make, false entries in books, reports, and statements of BestBank, an insured bank, with intent to injure and defraud BestBank and to deceive an officer of BestBank, the Federal Deposit Insurance Corporation, and an agent and examiner appointed to examine the affairs of BestBank, all in violation of Title 18, United States Code, Sections 2 and 1005:

Count: 50

Date: April 29, 1997

Book, Report, Statement: BestBank's Call Report as of March 31, 1997

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$0 for past due 30 through 89 days and \$0 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Count: 51

Date: July 30, 1997

Book, Report, Statement: BestBank's Call Report as of June 30, 1997

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$0 for past due 30 through 89 days and \$0 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Count: 52

Date: October 30, 1997

Book, Report, Statement: BestBank's Call Report as of September 30, 1997

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$0 for past due 30 through 89 days and \$0 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Count: 53

Date: January 30, 1998

Book, Report, Statement: BestBank's Call Report as of December 31, 1997

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$0 for past due 30 through 89 days and \$0 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Count: 54

Date: April 30, 1998

Book, Report, Statement: BestBank's Call Report as of March 31, 1997

False Entry: The BestBank officer and directors falsely attested, stated, and represented that the following items were true when, in fact, they were not true:

1. That past due credit card loans were \$0 for past due 30 through 89 days and \$0 for past due 90 days or more.
2. That the provision and allowance for loan and lease losses were adequate, and that net income and total assets were accurately reported.
3. That the report of BestBank's provision and allowance for loan and lease losses, assets, and income had been prepared in accordance with the FDIC's instructions and were true and correct.

Counts 55 - 64

Wire Fraud - 18 U.S.C. § 1343

The Scheme to Obtain Money and Property by Selling BestBank Stock

93. EDWARD MATTAR desired to sell his BestBank stock and profit from its fraudulently inflated value.
94. Defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP devised, and intended to devise, a scheme and artifice to obtain money and property by selling EDWARD MATTAR's BestBank stock by means of false and fraudulent material pretenses, representations and promises.
95. From about October 1997 to about February 1998, the defendants attempted to sell BestBank stock to Frank Farrar.
96. From about April to about July, 1998, the defendants attempted to sell BestBank stock to Cerberus Partners.

97. The scheme is further described in paragraphs 1 through 81 and 88 through 90, which are realleged and incorporated into Counts 55 through 64 by reference.
98. On or about the date listed below for each count, in the State and District of Colorado and elsewhere, having devised and intending to devise the scheme and artifice described in paragraphs 93 through 97, and for the purpose of executing such scheme and artifice and attempting to do so, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP knowingly transmitted and caused to be transmitted by means of wire and radio communications in interstate commerce, writings, signs, sounds, pictures, and signals, as described below for each count, all in violation of Title 18, United States Code, Sections 2 and 1343:

Count	Date	Transmission
55	October 20, 1997	a cover page and attachments from ALAN BOYD in Colorado faxed to Frank Farrar in South Dakota
56	December 2, 1997	a cover page and attachments from ALAN BOYD in Colorado faxed to Frank Farrar in South Dakota
57	January 5, 1998	a letter and attachments from ALAN BOYD in Colorado faxed to Frank Farrar in South Dakota
58	April 27, 1998	a copy of the January 2, 1997, operating agreement between BestBank and CENTURY FINANCIAL GROUP faxed from Colorado to Cerberus Partners in New York
59	May 28, 1998	a memo from Robert Loper in New York faxed to Mike Keys in Colorado
60	May 28-29, 1998	a JACK GRACE memorandum and data summaries faxed from Colorado to Ron Goldstein, Cerberus Partners, in New York
61	May 29, 1998	an acceptance letter faxed from BestBank in Colorado to Q Capital in New Jersey

62	June 1, 1998	a copy of BestBank's 1996 and 1997 financials faxed from Colorado to Joe Khana in New York
63	July 22, 1998	a JACK GRACE memorandum with a BestBank pro forma schedule faxed from Colorado to Ron Goldstein, Cerberus Partners, in New York
64	July 22, 1998	a Columbia Capital Corporation balance sheet and income statement with attachments from ALAN BOYD in Colorado faxed to Ron Goldstein, Cerberus Partners, in New York

Counts 65 - 73
Wire Fraud - 18 U.S.C. § 1343

**The Scheme to Obtain Money and Property
by Selling BestBank's Subprime Accounts**

99. From about December 1997 to about August 1998, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP devised and intended to devise a scheme and artifice to obtain money and property by selling subprime credit card accounts owned by BestBank and CENTURY FINANCIAL GROUP by means of false and fraudulent material pretenses, representations and promises.
100. The defendants engaged Infusion Capital to package and market subprime credit card accounts owned by BestBank and CENTURY FINANCIAL GROUP to large institutional investors. The defendants provided Infusion Capital false and fraudulent information about the subprime credit card accounts to be distributed to potential buyers, and they assisted in Infusion Capital's and the potential buyers' due diligence efforts. They also withheld information that would have disclosed their own fraudulent acts.

101. The scheme is further described in paragraphs 1 through 81 and 88 through 90, which are realleged and incorporated into Counts 65 through 73 by reference.
102. The manner of executing the schemes is described in paragraphs 16 through 73, which are realleged and incorporated into Counts 65 through 73 by reference.
103. On or about the date listed below for each count, in the State and District of Colorado and elsewhere, having devised and intending to devise the scheme and artifice described in paragraphs 99 through 102, and for the purpose of executing such scheme and artifice and attempting to do so, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP knowingly transmitted and caused to be transmitted by means of wire and radio communications in interstate commerce, writings, signs, sounds, pictures, and signals, as described below for each count, all in violation of Title 18, United States Code, Sections 2 and 1343:

Count	Date	Transmission
65	April 20, 1998	a John Schmalzer letter concerning BestBank's underwriting criteria faxed from Colorado to David Taffet of Infusion Capital in Pennsylvania
66	May 19, 1998	a Bob Ogburn note and attached schedules faxed from Colorado to David Taffet of Infusion Capital in Pennsylvania
67	May 20, 1998	a JACK GRACE letter with a schedule of charged off accounts and delinquencies faxed from Colorado to David Taffet of Infusion Capital in Pennsylvania
68	June 1, 1998	a David Taffet letter faxed from Pennsylvania to ALAN BOYD in Colorado and DOUGLAS BAETZ in Florida

69	June 11, 1998	a David Taffet letter faxed from Pennsylvania to ALAN BOYD and JACK GRACE in Colorado and DOUGLAS BAETZ in Florida
70	June 25, 1998	a JACK GRACE note and static pool analysis faxed from Colorado to David Taffet of Infusion Capital in Pennsylvania
71	July 8, 1998	a David Taffet, Infusion Capital, letter to ALAN BOYD and DOUGLAS BAETZ faxed from Infusion Capital in Pennsylvania to Colorado
72	July 10, 1998	a JACK GRACE letter and enclosures faxed from Colorado to David Taffet of Infusion Capital in Pennsylvania
73	July 10, 1998	a David Taffet, Infusion Capital, letter to DOUGLAS BAETZ and GLENN GALLANT faxed from Infusion Capital in Pennsylvania to Colorado

Count 74
Continuing Financial Crime – 18 U.S.C. § 225

104. Paragraphs 1 through 103 are realleged and incorporated into Count 74 by reference.
105. Defendants EDWARD MATTAR, ALAN BOYD, GLENN GALLANT, and DOUGLAS BAETZ committed series of violations charged in this indictment in Counts 2 through 44, bank fraud, Counts 45 and 46, offer and receipt of a commission and gift for procuring loans, Counts 47 through 54, false bank reports, and Counts 55 through 73, wire fraud affecting a financial institution, which counts are incorporated into Count 74 by reference. Those violations constituted a continuing financial crimes enterprise which affected BestBank, a financial institution. Those violations were committed by at least four persons acting in concert, including EDWARD MATTAR, ALAN BOYD, DOUGLAS BAETZ,

GLENN GALLANT, and others known to the Grand Jury.

106. On or about 1994 through July 1998, in the District of Colorado and elsewhere, defendants EDWARD MATTAR, ALAN BOYD, GLENN GALLANT, and DOUGLAS BAETZ knowingly organized, managed, and supervised a continuing financial crimes enterprise and each of them received more than \$5,000,000 in gross receipts from such enterprise during the 24-month period beginning on August 1, 1996 and ending on July 23, 1998.
107. All of the foregoing was done in violation of Title 18, United States Code, Sections 2 and 225.

Counts 75 - 88
Money Laundering - 18 U.S.C. § 1956

108. Paragraphs 75 through 82 and 87 through 92 are incorporated herein by reference.
109. On or about the date specified below for each count, in the State and District of Colorado, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, GLENN GALLANT, DOUGLAS BAETZ, and CENTURY FINANCIAL GROUP did knowingly conduct, and knowingly aided, abetted, counseled, induced, procured and caused another to conduct, a financial transaction, as described for each count, which involved the proceeds of specified unlawful activity obtained by bank fraud, in violation of Title 18, United States Code, Section 1344, and false bank reports, in violation of 18 United States Code, Section 1005, with the intent to promote the carrying on of specified unlawful activity, and while conducting such financial transaction knew that the property involved in the financial

transaction represented the proceeds of some form of unlawful activity, all in violation of Title 18, United States Code, Sections 2 and 1956:

COUNT	DATE	FINANCIAL TRANSACTION
75	May 26, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
76	May 28, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado
77	June 8, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
78	June 10, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado
79	July 1, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
80	July 3, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado
81	July 6, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
82	July 8, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado
83	July 17, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
84	July 17, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado
85	July 20, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
86	July 20, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado
87	July 21, 1998	wire of money, funds, and credits from BestBank in Colorado to Farmers & Merchants Bank in South Carolina
88	July 21, 1998	wire of money, funds, and credits from Security State Bank in Texas to BestBank in Colorado

Count 89
Securities Fraud – 15 U.S.C. § 77q(a) and 77x

110. Paragraphs 1 through 109 are realleged and incorporated into Count 89 by reference.
111. On about November 4, 1997, defendant ALAN BOYD caused a family member to purchase 10,000 shares of Columbia Capital Corporation.
112. On about July 14, 1998, ALAN BOYD caused the family member to sell shares of Columbia Capital Corporation stock.
113. On or about July 14, 1998, in the State and District of Colorado and in the offer and sale of Columbia Capital Corporation securities by the use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, ALAN BOYD, directly and indirectly (a) employed a device, scheme, and artifice to defraud, (b) obtained money and property by means of untrue statements of material facts and omissions of material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (c) engaged in transactions, acts, practices and courses of business which operated and would have operated as a fraud and deceit upon purchasers of Columbia Capital Corporation securities, all in violation of Title 15, United States Code, Sections 77q(a) and 77x, and Title 18, United States Code, Section 2.

Count 90
Securities Fraud – 15 U.S.C. § 77q(a) and 77x

114. Paragraphs 1 through 109 are realleged and incorporated into Count 90 by reference.
115. From about April to July, 1998, EDWARD MATTAR offered to sell his shares of BestBank stock to Cerberus Partners.
116. Defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP falsely and fraudulently represented, and they caused others to represent, to Cerberus Partners that BestBank's subprime credit card accounts were managed in a sound and prudent manner, that the delinquency rate for the subprime accounts was less than five percent, that BestBank was profitable, and that CENTURY FINANCIAL GROUP was performing as required by the Operating Agreements. Further, they omitted disclosure of the facts described in paragraphs 46 and 63.
117. Defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, DOUGLAS BAETZ, GLENN GALLANT, and CENTURY FINANCIAL GROUP used, and caused others to use, the means and instruments of transportation and communication in interstate commerce and of the mails in the offer to sell EDWARD MATTAR'S BestBank stock, including telephone calls, fax transmissions, interstate carriers, and interstate travel.
118. On or about April to July 1998, in the State and District of Colorado and in the offer and sale of securities, to wit: shares of BestBank stock, by the use of the

means and instruments of transportation and communication in interstate commerce and by use of the mails, EDWARD MATTAR directly and indirectly (a) employed a device, scheme, and artifice to defraud, and (b) engaged in transactions, acts, practices and courses of business which operated and would have operated as a fraud and deceit upon purchasers of shares of BestBank stock, all in violation of Title 15, United States Code, Sections 77q(a) and 77x, and Title 18, United States Code, Section 2.

Count 91
Tax Evasion – 26 U.S.C. § 7201

119. Compensation paid by BestBank for EDWARD MATTAR'S services, including his bonuses, was paid to Effective Management Systems, Inc.
120. On or about January 30, 1997, and July 18, 1997, in the District of Colorado, EDWARD MATTAR, as the owner and president of Effective Management Systems, Inc., a corporation, did willfully attempt to evade and defeat a large part of the income tax due and owing by Effective Management Systems, Inc. to the United States of America for the fiscal year ending July 31, 1997.
121. EDWARD MATTAR did not deposit, and he caused another not to deposit, \$400,000 and \$100,000, respectively, of corporate income into the corporate bank account of Effective Management Systems, Inc. Further, EDWARD MATTAR provided, and caused another to provide, to his tax preparer only corporate bank account statements to establish corporate income.
122. EDWARD MATTAR committed and caused these acts, all for the purpose of

concealing additional unreported taxable income received by Effective Management Systems, Inc. during the said fiscal year, on which said unreported taxable income, as he then and there well knew and believed, there was due and owing to the United States of America a substantial additional tax, all in violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

Count 92

Failure to File Tax Return – 26 U.S.C. § 7203

123. During the calendar year 1997, EDWARD MATTAR, whose principal place of business was Boulder, Colorado, had gross income in excess of \$6,800.
124. By reason of such gross income he was required by law, following the close of the calendar year 1997, and on or before April 15, 1998, to make an income tax return to the Director, Internal Revenue Service Center, at Ogden, Utah, in the Judicial District of Utah, to the District Director of the Internal Revenue Service for the Internal Revenue District of Colorado, at Denver, Colorado, and to any proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled.
125. Well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return to said Director of the Internal Revenue Service Center, to said District Director of the Internal Revenue Service, and to any other proper officer of the United States, all in violation of Title 26, United States Code, Section 7203.

Count 93
Failure to File Tax Return – 26 U.S.C. § 7203

126. During the calendar year 1998, EDWARD MATTAR, whose principal place of business was Boulder, Colorado, had gross income in excess of \$6,950.
127. By reason of such gross income he was required by law, following the close of the calendar year 1998, and on or before April 15, 1999, to make an income tax return to the Director, Internal Revenue Service Center, at Ogden, Utah, in the Judicial District of Utah, to the District Director of the Internal Revenue Service for the Internal Revenue District of Colorado, at Denver, Colorado, and any other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled.
128. Well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return to said Director of the Internal Revenue Service Center, to said District Director of the Internal Revenue Service, and to any other proper officer of the United States, all in violation of Title 26, United States Code, Section 7203.

Count 94
Failure to File Tax Return – 26 U.S.C. § 7203

129. During the fiscal year ended July 31, 1998, EDWARD MATTAR, as the owner and president of Effective Management Systems, Inc., a corporation not expressly exempt from tax, with its principal place of business at Boulder, Colorado.
130. By reason of such facts he was required by law, after the close of the fiscal year ending July 31, 1998, and on or before October 15, 1998, for and on behalf of

Effective Management Systems, Inc., to make an income tax return to the Director, Internal Revenue Service Center, at Ogden, Utah, in the Judicial District of Utah, to the District Director of the Internal Revenue Service for the Internal Revenue District of Colorado, at Denver, Colorado, and any other proper officer of the United States, stating specifically the items of Effective Management Systems, Inc.'s gross income and the deductions and credits allowed by law.

131. Well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return to said Director of the Internal Revenue Service Center, to said District Director of the Internal Revenue Service, and to any other proper officer of the United States, all in violation of Title 26, United States Code, Section 7203.

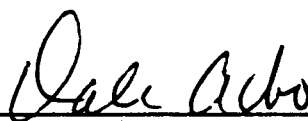
Count 95
Forfeiture Allegation
Forfeiture – 18 U.S.C. § 982

132. Upon conviction of one or more of the offenses alleged in Counts 1 through 73 and Counts 75 through 88 of this indictment, defendants EDWARD MATTAR, ALAN BOYD, JACK GRACE, GLENN GALLANT, DOUGLAS BAETZ, CENTURY FINANCIAL SERVICES, and CENTURY FINANCIAL GROUP shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982, any property constituting or derived from proceeds obtained directly or indirectly as a result of the said violations or involved in said violations, including but not limited to the following:

- a. A sum of money equal to \$100,000,000 in United States currency, representing the amount of proceeds obtained as a result of the offenses charged in Count 1, conspiracy, in violation of Title 18, United States Code, Section 371; Counts 2 through 44, bank fraud, in violation of Title 18, United States Code, Section 1344; Counts 45 and 46, offer and receipt of a commission and gift for procuring loans, in violation of Title 18, United States Code, Section 215; Counts 47 through 54, false bank reports, in violation of Title 18, United States Code, Section 1005; and Counts 75 through 88, money laundering, in violation of Title 18, United States Code, Section 1956; for which the defendants are jointly and severally liable.
- b. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:
- i. cannot be located upon the exercise of due diligence;
 - ii. has been transferred or sold to, or deposited with, a third party;
 - iii. has been placed beyond the jurisdiction of the court;
 - iv. has been substantially diminished in value; or
 - v. has been commingled with other property which cannot be divided without difficulty;

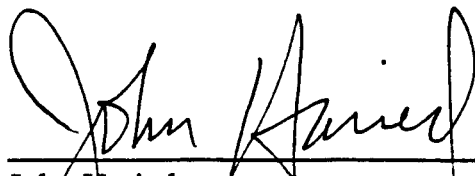
it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of said defendants up to the value of the forfeitable property described above.

A TRUE BILL.

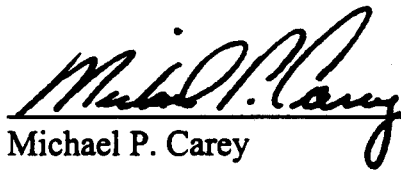


Foreperson

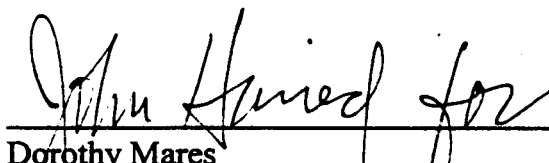
JOHN W. SUTHERS
United States Attorney



John Haried
Assistant United States Attorney



Michael P. Carey
Assistant United States Attorney



Dorothy Mares
Trial Attorney, Department of Justice

DATE: May 22, 2003

DEFENDANT: EDWARD P. MATTAR, III

ADDRESS: 2440 Deer Creek Country Club Blvd., Suite 404, Deerfield Beach, FL

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Counts 47-54:	18 U.S.C. § 1005	False Bank Reports
	Counts 55-73:	18 U.S.C. § 1343	Wire Fraud
	Count 74:	18 U.S.C. § 225	Continuing Financial Crime
	Count 75-88:	18 U.S.C. § 1956	Money Laundering
	Count 90:	15 U.S.C. § 77q(a), 77x	Securities Fraud
	Count 91:	26 U.S.C. § 7201	Tax Evasion
	Counts 92-94:	26 U.S.C. § 7203	Failure to File Tax Return
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 2-44:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 47-54:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 55-73:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 74:
NLT 10 years, up to life; NMT \$ 10,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 75-88:
NMT 20 years; NMT \$ 500,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 90:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution;

Count 91:
NMT 5 years; NMT \$ 100,000 fine, or both;
Restitution;

03-CR-232

Counts 92-94:

NMT 1 year; NMT \$ 25,000 fine, or both;

Restitution; \$100 Special Assessment Fee

Count 95: Forfeiture of property up to \$100,000,000

AGENTS:

Andrew Guthrie - FBI

Curtis Kockler - FDIC

Timothy Chase - IRS

AUTHORIZED BY: John M. Haried

Michael J. Carey

Assistant U.S. Attorneys;

Dorothy Mares

Trial Attorney, U.S. Department of Justice

ESTIMATED TIME OF TRIAL:

 five days or less

 X over five days

 other

THE GOVERNMENT

 X will seek detention in this case

 will not seek detention in this case

The statutory presumption of detention ~~is or~~ is not applicable to this defendant. (Circle one)

DATE: May 22, 2003

DEFENDANT: T. ALAN BOYD

ADDRESS: 4049 Spyglass Lane, Niwot, Colorado 303-546-0121

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Count 46:	18 U.S.C. § 215	Receipt of Commission & Gift By Bank Officer
	Counts 47-54:	18 U.S.C. § 1005	False Bank Reports
	Counts 55-73:	18 U.S.C. § 1343	Wire Fraud
	Count 74:	18 U.S.C. § 225	Continuing Financial Crime
	Counts 75-88:	18 U.S.C. § 1956	Money Laundering
	Counts 89-90:	15 U.S.C. § 77q(a), 77x	Securities Fraud
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 2-44:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 46:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 47-54:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 55-73:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 74:
NLT 10 years, and up to life; NMT \$ 10,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 75-88:
NMT 20 years; NMT \$ 500,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 89-90:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 95: Forfeiture of property up to \$100,000,000

03 - CR - 232

AGENTS: Andrew Guthrie - FBI
Curtis Kockler - FDIC
Timothy Chase - IRS

AUTHORIZED BY: John M. Haried
Michael J. Carey
Assistant U.S. Attorneys;
Dorothy Mares
Trial Attorney, U.S. Department of Justice

ESTIMATED TIME OF TRIAL:

☐ five days or less

☒ over five days

☐ other

THE GOVERNMENT

☐ will seek detention in this case

☒ will not seek detention in this case

The statutory presumption of detention ~~is~~ or is not applicable to this defendant. (Circle one)

DATE: May 22, 2003

DEFENDANT: JACK O. GRACE, JR.

ADDRESS: 1128 - 20th Place, Hermosa Beach, CA 310-318-9241

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Counts 47-54:	18 U.S.C. § 1005	False Bank Reports
	Counts 55-73:	18 U.S.C. § 1343	Wire Fraud
	Counts 75-88:	18 U.S.C. § 1956	Money Laundering
	Count 90:	15 U.S.C. § 77q(a), 77x	Securities Fraud
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 2-44:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 47-54:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 55-73:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 75-88:
NMT 20 years; NMT \$ 500,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 90:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 95: Forfeiture of property up to \$100,000,000

AGENTS:

Andrew Guthrie - FBI
Curtis Kockler - FDIC
Timothy Chase - IRS

03 - CR - 232 1

AUTHORIZED BY: John M. Haried
Michael J. Carey
Assistant U.S. Attorneys;
Dorothy Mares
Trial Attorney, U.S. Department of Justice

ESTIMATED TIME OF TRIAL:

☐ five days or less

☒ over five days

☐ other

THE GOVERNMENT

☐ will seek detention in this case

☒ will not seek detention in this case

The statutory presumption of detention ~~is~~ or is not applicable to this defendant. (Circle one)

DATE: May 22, 2003

DEFENDANT: GLENN M. GALLANT

ADDRESS: 5596 Bayview Drive, Fort Lauderdale, FL 33308

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Count 45:	18 U.S.C. § 215	Receipt of Commission or Gift for Procuring Loans
	Counts 47-54:	18 U.S.C. § 1005	False Bank Reports
	Counts 55-73:	18 U.S.C. § 1343	Wire Fraud
	Count 74:	18 U.S.C. § 225	Continuing Financial Crime
	Counts 75-88:	18 U.S.C. § 1956	Money Laundering
	Count 90:	15 U.S.C. § 77q(a), 77x	Securities Fraud
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 2-44:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 45:
NMT 30 years; NMT \$ 1,000,000 fine, or both;

Counts 47-54:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 55-73:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 74:
NLT 10 years, up to life; NMT \$ 10,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 75-88:
NMT 20 years; NMT \$ 500,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 90:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee;

Count 95: Forfeiture of property up to \$100,000,000

03-CR-232

AGENTS: Andrew Guthrie - FBI
Curtis Kockler - FDIC
Timothy Chase - IRS

AUTHORIZED BY: John M. Haried
Michael J. Carey
Assistant U.S. Attorneys;
Dorothy Mares
Trial Attorney, U.S. Department of Justice

ESTIMATED TIME OF TRIAL:

☐ five days or less

☒ over five days

☐ other

THE GOVERNMENT

☐ will seek detention in this case

☒ will not seek detention in this case

The statutory presumption of detention ~~is~~ or is not applicable to this defendant. (Circle one)

DATE: May 22, 2003

DEFENDANT: DOUGLAS R. BAETZ

ADDRESS: 1101 Casa Marina Court, Key West, FL

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Counts 45:	18 U.S.C. § 215	Receipt of Commission or Gift for Procuring Loans
	Counts 47-54:	18 U.S.C. § 1005	False Bank Reports
	Counts 55-73:	18 U.S.C. § 1343	Wire Fraud
	Count 74:	18 U.S.C. § 225	Continuing Financial Crime
	Counts 75-88:	18 U.S.C. § 1956	Money Laundering
	Count 90:	15 U.S.C. § 77q(a), 77x	Securities Fraud
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 2-44:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 45:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 47-54:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 55-73:
NMT 30 years; NMT \$ 1,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 74:
NLT 10 years, up to life; NMT \$ 10,000,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Counts 75-88:
NMT 20 years; NMT \$ 500,000 fine, or both;
Restitution; \$100 Special Assessment Fee

Count 90:
NMT 5 years; NMT \$ 250,000 fine, or both;
Restitution; \$100 Special Assessment Fee;

Count 95: Forfeiture of property up to \$100,000,000

03 - CR - 232

AGENTS: Andrew Guthrie - FBI
Curtis Kockler - FDIC
Timothy Chase - IRS

AUTHORIZED BY: John M. Haried
Michael J. Carey
Assistant U.S. Attorneys;
Dorothy Mares
Trial Attorney, U.S. Department of Justice

ESTIMATED TIME OF TRIAL:

☐ five days or less

☒ over five days

☐ other

THE GOVERNMENT

☐ will seek detention in this case

☒ will not seek detention in this case

The statutory presumption of detention ~~is~~ or is not applicable to this defendant. (Circle one)

DATE: May 22, 2003

DEFENDANT: CENTURY FINANCIAL SERVICES, INC.

ADDRESS: 1260 E. Oakland Blvd., Oakland Park, FL 33334 954-630-0001

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Counts 45:	18 U.S.C. § 215	Receipt of Commission or Gift for Procuring Loans
	Counts 47-49:	18 U.S.C. § 1005	False Bank Reports
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT \$ 500,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 2-44:
NMT \$ 1,000,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 45:
NMT \$ 1,000,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 47-49:
NMT \$ 1,000,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Count 95: Forfeiture of property up to \$100,000,000

AGENTS:

Andrew Guthrie - FBI
Curtis Kockler - FDIC
Timothy Chase - IRS

AUTHORIZED BY: John M. Haried
Michael J. Carey
Assistant U.S. Attorneys;
Dorothy Mares
Trial Attorney, U.S. Department of Justice

03 - CR - 232 1

ESTIMATED TIME OF TRIAL:

☐ five days or less

☒ over five days

☐ other

THE GOVERNMENT

☐ will seek detention in this case

☒ will not seek detention in this case

The statutory presumption of detention ~~is~~ or is not applicable to this defendant. (Circle one)

DATE: May 22, 2003

DEFENDANT: CENTURY FINANCIAL GROUP, INC.

ADDRESS: 1260 E. Oakland Blvd., Oakland Park, FL 33334 954-630-0001

OFFENSE:	Count 1:	18 U.S.C. § 371	Conspiracy
	Counts 2-44:	18 U.S.C. § 1344	Bank Fraud
	Counts 50-54:	18 U.S.C. § 1005	False Bank Reports
	Counts 55-73:	18 U.S.C. § 1343	Wire Fraud
	Count 75-88:	18 U.S.C. § 1956	Money Laundering
	Count 90:	15 U.S.C. § 77q(a), 77x	Securities Fraud
	Count 95:	18 U.S.C. § 982	Forfeiture

PENALTY:

Count 1:
NMT \$ 500,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 2-44:
NMT \$ 1,000,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 50-54:
NMT \$ 1,000,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 55-73:
NMT \$ 1,000,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Counts 75-88:
NMT \$ 500,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Count 90:
NMT \$ 250,000 fine; a term of probation
Restitution; \$200 Special Assessment Fee

Count 95: Forfeiture of property up to \$100,000,000

AGENTS:

Andrew Guthrie - FBI
Curtis Kockler - FDIC
Timothy Chase - IRS

03 - CR - 232 ,

AUTHORIZED BY: John M. Haried
Michael J. Carey
Assistant U.S. Attorneys;
Dorothy Mares
Trial Attorney, U.S. Department of Justice

ESTIMATED TIME OF TRIAL:

_____ five days or less

X over five days

_____ other

THE GOVERNMENT

_____ will seek detention in this case

X will not seek detention in this case

The statutory presumption of detention ~~is~~ or is not applicable to this defendant. (Circle one)

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

FILED
U.S. DISTRICT COURT
DISTRICT OF COLORADO

2003 MAY 22 AM 11:04

Criminal Case No.

03 - CR - 232 *M*

JAMES R. HANSPEAKER
CLERK

UNITED STATES OF AMERICA,
Plaintiff,

BY _____ DEP. CLK

v.

1. EDWARD P. MATTAR, III,
 2. T. ALAN BOYD,
 3. JACK O. GRACE, Jr.,
 4. GLENN M. GALLANT,
 5. DOUGLAS R. BAETZ,
 6. CENTURY FINANCIAL SERVICES, INC., and
 7. CENTURY FINANCIAL GROUP, INC.
- Defendants.

ORDER SEALING INDICTMENT

The Court, having been advised by the motion to seal the indictment filed by the United States, finds that it is in the interest of justice that the indictment not be disclosed until the arrest and initial appearance of the first defendant.

For these reasons, the Court hereby orders that the indictment in this case be sealed by the Clerk of the Court and not disclosed to any person until the arrest and initial appearance of the first defendant.

SO ORDERED this 22nd day of May 2003.


United States Magistrate Judge

9

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

FILED
U.S. DISTRICT COURT
DISTRICT OF COLORADO
2003 MAY 22 AM 11:04

Criminal Case No.

CC - CR - 232

JAMES R. HANSPEAKER
CLERK

BY _____ DEP. CLK

UNITED STATES OF AMERICA,
Plaintiff,

v.

1. EDWARD P. MATTAR, III,
 2. T. ALAN BOYD,
 3. JACK O. GRACE, Jr.,
 4. GLENN M. GALLANT,
 5. DOUGLAS R. BAETZ,
 6. CENTURY FINANCIAL SERVICES, INC., and
 7. CENTURY FINANCIAL GROUP, INC.
- Defendants.

GOVERNMENT'S MOTION FOR PROTECTION ORDER
SEALING INDICTMENT

The United States, by United States Attorney John W. Suthers and Assistant U.S. Attorney John Haried, moves for a protective order of the Court sealing the indictment pursuant to F.R.Crim.P. 6(e)(4) until the arrest and initial appearance of the first defendant, for the following reasons:

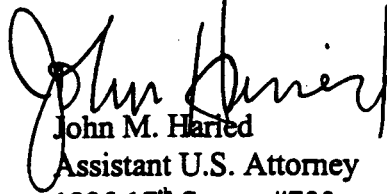
1. The indictment charges offenses that carry possible penalties of up to 30 years incarceration on numerous counts, as well as a possibility of a mandatory minimum sentence of ten years imprisonment and up to a life sentence on one count.

2. At this time, the government does not know the whereabouts of one defendant, Mr. Edward Mattar.

8

Respectfully Submitted,

JOHN W. SUTHERS
United States Attorney

A handwritten signature in black ink, appearing to read "John M. Haried", is written over the printed name and title of the Assistant U.S. Attorney.

John M. Haried
Assistant U.S. Attorney
1225 17th Street, #700
Denver, CO 80202
(303) 454-0204



U.S. Department of Justice

John W. Suthers
United States Attorney
District of Colorado
Criminal Division

1225 Seventeenth Street, Suite 700
Seventeenth Street Plaza
Denver, Colorado 80202

(303) 454-0100
(FAX) (303) 454-0402

May 21, 2003

Mr. Steve Ehrlich
Chief Clerk of the U.S. District Court
U.S. District Courthouse
1929 Stout Street
Denver, CO 80294

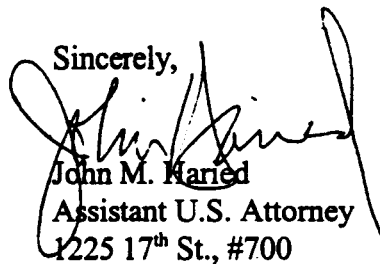
Re: USA v. Edward Mattar, Thomas Allen Boyd, Jack Grace, Douglas Baetz, Glenn Gallant, Century Financial Services, Inc., and Century Financial Group, Inc.

Dear Mr. Ehrlich,

The criminal indictment in the above-described case returned on May 22, 2003, is not a related case as described in D.C.Colo.LCrR 50.1(C), because it is not related to any pending or recent criminal case. It is, however, related to a civil matter pending before the Honorable Judge Matsch – *FDIC v. Edward Mattar, Thomas Allen Boyd, Effective Management Systems, Inc., Century Financial Group, Inc., Douglas Baetz, and Glenn Gallant*, Civil Action No. 98-M-2374.

While I do not think that a notice of related case is required by the wording of the local rule, I thought it prudent to call the related civil matter to your attention for whatever consideration you think it deserves.

Sincerely,



John M. Haried
Assistant U.S. Attorney
1225 17th St., #700
Denver, CO 80202
(303) 454-0204

7
5

United States District Court

STATE AND DISTRICT OF COLORADO
UNITED STATES OF AMERICA

V.

1. Edward P. Mattar, III
2. T. Alan Boyd,
3. Jack O. Grace, Jr.
4. Glenn M. Gallant
5. Douglas R. Baetz

65 - CR - 232

M

WARRANT FOR ARREST
CASE NUMBER:

TO: The United States Marshal
and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest DOUGLAS R. BAETZ

and bring him or her forthwith to the nearest magistrate to answer a(n)

☒ Indictment ☐ Information ☐ Complaint ☐ Order of Court ☐ Violation Notice ☐ Probation Violation Petition

charging him with (brief description of offense)

Conspiracy, bank fraud, false bank reports, wire fraud, continuing financial crime, money laundering, and forfeiture

in violation of Title 18 United States Code, Section(s) 371, 1344, 215, 1005, 1343, 225, 1956, 982
15 77q(a), 77x

JAMES E. MURPHY
Clerk, U. S. District Court

Name of Issuing Officer

[Signature]

Signature of Issuing Officer

Title of Issuing Officer

[Signature] 5/22/03

Date and Location

(By) Deputy Clerk

Bail fixed at \$

by

Name of Judicial Officer

RETURN

This warrant was received and executed with the arrest of the above-named defendant at _____

DATE RECEIVED

NAME AND TITLE OF ARRESTING OFFICER

SIGNATURE OF ARRESTING OFFICER

DATE OF ARREST

United States District Court

STATE AND DISTRICT OF COLORADO
UNITED STATES OF AMERICA

V.

1. Edward P. Mattar, III
2. T. Alan Boyd,
3. Jack O. Grace, Jr.
4. Glenn M. Gallant
5. Douglas R. Baetz

03 - CR - 232

M

WARRANT FOR ARREST
CASE NUMBER:

TO: The United States Marshal
 and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest Glenn M. Gallant

and bring him or her forthwith to the nearest magistrate to answer a(n)

☒ Indictment ☐ Information ☐ Complaint ☐ Order of Court ☐ Violation Notice ☐ Probation Violation Petition

charging him with (brief description of offense)

Conspiracy, bank fraud, receipt of commission and gift by bank officer, false bank reports, wire fraud, continuing financial crime, money laundering, securities fraud, and forfeiture

in violation of Title 18 United States Code, Section(s) 371, 1344, 215, 1005, 1343, 225, 1956, 982
15 77q(a), 77x

JAMES Z. MUMFORD
Clerk, U. S. District Court

Name of Issuing Officer

Signature of Issuing Officer

Title of Issuing Officer

5/22/03

Denver, CO

Date and Location

(By) Deputy Clerk

Bail fixed at \$ _____

by _____
 Name of Judicial Officer

RETURN

This warrant was received and executed with the arrest of the above-named defendant at _____

DATE RECEIVED

NAME AND TITLE OF ARRESTING OFFICER

SIGNATURE OF ARRESTING OFFICER

DATE OF ARREST

5

United States District Court

STATE AND DISTRICT OF COLORADO
UNITED STATES OF AMERICA

V.

1. Edward P. Mattar, III
2. T. Alan Boyd,
3. Jack O. Grace, Jr.
4. Glenn M. Gallant
5. Douglas R. Baetz

03 - CR - 232
WARRANT FOR ARREST
CASE NUMBER:

TO: The United States Marshal
and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest Jack O. Grace, Jr.

and bring him or her forthwith to the nearest magistrate to answer a(n)

☒ Indictment ☐ Information ☐ Complaint ☐ Order of Court ☐ Violation Notice ☐ Probation Violation Petition

charging him with (brief description of offense)

Conspiracy, bank fraud, false bank reports, wire fraud, money laundering, and forfeiture

in violation of Title 18 United States Code, Section(s) 371, 1344, 1005, 1343, 1956, 982
77q(a), 77x

Name of Issuing Officer

Signature of Issuing Officer

Title of Issuing Officer

Date and Location

(By) Deputy Clerk

Bail fixed at \$ _____

by _____
Name of Judicial Officer

RETURN

This warrant was received and executed with the arrest of the above-named defendant at _____

DATE RECEIVED	NAME AND TITLE OF ARRESTING OFFICER	SIGNATURE OF ARRESTING OFFICER
DATE OF ARREST		

4

United States District Court

STATE AND DISTRICT OF COLORADO
UNITED STATES OF AMERICA

V.

1. Edward P. Mattar, III
2. T. Alan Boyd,
3. Jack O. Grace, Jr.
4. Glenn M. Gallant
5. Douglas R. Baetz

03 - CR - 232 M

WARRANT FOR ARREST
CASE NUMBER:

TO: The United States Marshal
 and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest T. ALAN BOYD

and bring him or her forthwith to the nearest magistrate to answer a(n)

☒ Indictment ☐ Information ☐ Complaint ☐ Order of Court ☐ Violation Notice ☐ Probation Violation Petition

charging him with (brief description of offense)

Conspiracy, bank fraud, receipt of commission and gift by bank officer, false bank reports, wire fraud, continuing financial crime, money laundering, securities fraud, and forfeiture

in violation of Title 18 United States Code, Section(s) 371, 1344, 215, 1005, 1343, 225, 1956, 982
15 77q(a), 77 x

JAMES E. MANSPEAKER
 Clerk, U.S. District Court

Name of Issuing Officer

Title of Issuing Officer

Signature of Issuing Officer

Date and Location

(By) Deputy Clerk

Bail fixed at \$ _____

by _____
 Name of Judicial Officer

RETURN

This warrant was received and executed with the arrest of the above-named defendant at _____

DATE RECEIVED	NAME AND TITLE OF ARRESTING OFFICER	SIGNATURE OF ARRESTING OFFICER
DATE OF ARREST		

3

United States District Court

STATE AND DISTRICT OF COLORADO
UNITED STATES OF AMERICA

V.

1. Edward P. Mattar, III
2. T. Alan Boyd,
3. Jack O. Grace, Jr.
4. Glenn M. Gallant
5. Douglas R. Baetz

WARRANT FOR ARREST

CASE NUMBER:

TO: The United States Marshal
and any Authorized United States Officer

03 - CR - 232

YOU ARE HEREBY COMMANDED to arrest Edward P. Mattar, III

and bring him or her forthwith to the nearest magistrate to answer a(n)

☒ Indictment ☐ Information ☐ Complaint ☐ Order of Court ☐ Violation Notice ☐ Probation Violation Petition

charging him with (brief description of offense)

Conspiracy, bank fraud, receipt of commission and gift by bank officer, false bank reports, wire fraud, continuing financial crime, money laundering, securities fraud, and forfeiture

in violation of Title 18 United States Code, Section(s) 371, 1344, 1005, 1343, 225, 1956, 982
15
26 77q(a), 77 x
7201, 7203

Name of Issuing Officer

Title of Issuing Officer

Signature of Issuing Officer

Date and Location

(By) Deputy Clerk

Bail fixed at \$

by Name of Judicial Officer

RETURN

This warrant was received and executed with the arrest of the above-named defendant at

DATE RECEIVED	NAME AND TITLE OF ARRESTING OFFICER	SIGNATURE OF ARRESTING OFFICER
DATE OF ARREST		